

**VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
VALLEY CENTER, KANSAS**

**FINANCIAL STATEMENT
JUNE 30, 2014**

BFR

BUSBY FORD & REIMER, LLC

CERTIFIED PUBLIC ACCOUNTANTS

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
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BUSBY FORD & REIMER, LLC

CERTIFIED PUBLIC ACCOUNTANTS INDEPENDENT AUDITORS' REPORT

**Board of Education
Valley Center Unified School District No. 262
Valley Center, Kansas**

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures and unencumbered cash balances of **Valley Center Unified School District No. 262, Valley Center, Kansas**, as of and for the year ended **June 30, 2014** and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the *Kansas Municipal Audit and Accounting Guide* as described in Note 1 to meet the financial reporting requirements of the State of Kansas. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Kansas Municipal Audit and Accounting Guide*. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditors' judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Education
Valley Center Unified School District No. 262

Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America

As described in Note 1 of the financial statement, the financial statement is prepared by **Valley Center Unified School District No. 262, Valley Center, Kansas**, to meet the requirements of the State of Kansas on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on Accounting Principles Generally Accepted in the United States of America

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of **Valley Center Unified School District No. 262, Valley Center, Kansas**, as of **June 30, 2014**, or changes in financial position and cash flows thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of **Valley Center Unified School District No. 262, Valley Center, Kansas**, as of **June 30, 2014**, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note 1.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual, agency funds schedules of regulatory basis cash receipts and disbursements and district activity funds schedules of regulatory basis cash receipts, expenditures and unencumbered cash (Regulatory-Required Supplementary Information as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement, however are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is also not a required part of the basic financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement.

**Board of Education
Valley Center Unified School District No. 262**

The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statement as a whole, on the basis of accounting described in Note 1.

The 2013 Actual column presented in the individual fund schedules of regulatory basis receipts and expenditures-actual and budget and individual fund schedules of regulatory basis receipts and expenditures-actual (as listed in the table of contents) is also presented for comparative analysis and is not a required part of the 2013 basic financial statement upon which we rendered an unmodified opinion dated November 7, 2013. The 2013 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration at the following link <http://da.ks.gov/ar/muniserv/>. Such 2013 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2013 basic financial statement. The 2013 comparative information was subjected to the auditing procedures applied in the audit of the 2013 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2013 basic financial statement or to the 2013 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2013 comparative information is fairly stated in all material respects in relation to the 2013 basic financial statement as a whole, on the basis of accounting described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2014, on our consideration of **Valley Center Unified School District No. 262, Valley Center, Kansas'** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering **Valley Center Unified School District No. 262, Valley Center, Kansas'** internal control over financial reporting and compliance.

Busby Ford & Reimer, LLC

Busby Ford & Reimer, LLC
December 23, 2014

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SUMMARY OF CASH RECEIPTS, EXPENDITURES,
AND UNENCUMBERED CASH
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2014

Fund	Beginning		Prior Year		Cash Receipts	Expenditures	Ending		Add		Ending Cash Balance	
	Unencumbered	Cash Balance	Encumbrances	Canceled			Unencumbered	Cash Balance	Encumbrances and Accounts Payable	Encumbrances		
General Fund	\$	0	\$	0	\$	15,629,169	\$	0	\$	86,029	\$	86,029
Special Purpose Funds												
Supplemental General		182,488		0	5,245,220	5,171,912	255,796	23,038			278,834	
At Risk (4 Year Old)		10,087		0	100,320	100,400	10,007	0			10,007	
At Risk (K-12)		195,031		0	1,107,443	1,097,463	205,011	23,931			228,942	
Bilingual Education		24		0	118,700	118,696	28	0			28	
Virtual Education		95,793		0	207,636	195,250	108,179	0			108,179	
Capital Outlay		3,919,572		12,206	905,469	1,110,918	3,726,329	333,107			4,059,436	
Driver Training		50,593		0	18,200	17,262	51,531	0			51,531	
Food Service		387,310		0	1,194,541	1,252,079	329,772	0			329,772	
Professional Development		119,327		66	60,250	59,341	120,302	4,920			125,222	
Summer School		30,793		0	21,878	37,568	15,103	0			15,103	
Special Education		881,073		0	3,721,690	3,684,301	918,462	0			918,462	
Vocational Education		28,179		16	549,087	519,765	57,517	1,509			59,026	
KPERS Contribution		0		0	1,271,436	1,271,436	0	0			0	
Recreation Commission		8,058		0	528,106	528,345	7,819	0			7,819	
Recreation Commission Employee												
Benefits		685		0	76,416	76,321	780	0			780	
Federal Funds		1,212		0	260,819	261,819	212	971			1,183	
Gifts and Grants		48,589		0	36,042	40,691	43,940	0			43,940	
Contingency Reserve		1,406,491		0	0	0	1,406,491	0			1,406,491	
Textbook and Student Material												
Revolving		246,622		310	250,267	224,161	273,038	3,640			276,678	
District Activity Funds		59,871		0	288,470	287,277	61,064	2,521			63,585	
Debt Service Funds												
Bond and Interest		2,936,896		0	4,796,327	4,716,264	3,016,959	0			3,016,959	
Special Assessments		9,712		0	7	78	9,641	0			9,641	
	\$	10,618,406	\$	12,598	\$	36,387,493	\$	10,617,981	\$	479,666	\$	11,097,647
Composition of Cash:												
Checking and Money Market Accounts												
Certificates of Deposit												
Agency Funds												

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2014

Note 1 - Summary of Significant Accounting Policies:

Financial Reporting Entity

Valley Center Unified School District No. 262 is a municipal corporation established under State of Kansas statutes designed to meet educational requirements at the primary and secondary levels in and around Valley Center, Kansas. The District is governed by an elected seven-member Board of Education. The District's financial statement includes all funds over which the Board of Education exercises financial responsibility. Financial responsibility includes appointment of governing body members, designation of management, the ability to significantly influence operations and accountability for fiscal matters.

KMAAG Regulatory Basis of Presentation Fund Definitions:

General Fund-The primary operating fund. Used to account for all unrestricted resources except those required to be accounted for in another fund.

Special Purpose Funds-To account for the proceeds of specific receipts (other than major capital projects) that are restricted by law or administrative action to expenditure for specific purposes.

Debt Service Fund-To account for the accumulation of resources for and the payment of, interest and principal on general long-term debt.

Agency Funds-To account for resources held in a trustee or agency capacity for others which therefore cannot be used to support the government's own programs.

Regulatory Basis of Accounting and Departure from Accounting Principles Generally accepted in the United States of America

The KMAAG regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis receipts and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

The District has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of accounting principles generally accepted in the United States of America and allowing the municipality to use the regulatory basis of accounting.

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2014

Budget and Tax Cycle

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), and debt service funds. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5th.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. There was one amendment for the year ended June 30, 2014.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison schedules are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the modified accrual basis of accounting, modified further by the encumbrance method of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments by the District for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. All unencumbered appropriations (legal budget expenditure authority) lapse at year-end.

A legal operating budget is not required for capital projects funds, trust funds, and the following special purpose funds:

Federal Funds
Contingency Reserve Fund
District Activity Funds

Gifts and Grants Fund
Textbook and Student Material Revolving Fund

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2014

Note 2 - Compensated Absences:

All permanent full-time employees are eligible for vacation and/or sick leave benefits in varying annual amounts depending on position and length of service.

It is the policy of the District to record vacation and sick leave benefits as expenditures when paid.

Note 3 - On-Behalf Payments for Fringe Benefits and Salaries:

The District recognizes as revenues and expenses contributions made by the State of Kansas to the Kansas Public Employees Retirement System (KPERS) on behalf of the District's employees. For the year ended June 30, 2014, the State made contributions of \$1,271,436. These contributions are recorded in the KPERS Contribution Fund as receipts and expenditures.

Note 4 - Postemployment Benefits:

As provided by K.S.A. 12-5040, the District allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the local government is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in the financial statement.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the government makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the government under this program.

Note 5 - Contingencies:

Grant Programs

The District participates in various federal and state grant programs. These grant programs are often subject to additional audits by agents of the granting agency, the purpose of which is to ensure compliance with the specific conditions of the grant. Any liability for reimbursement which may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District carries commercial insurance for all risks of loss. Settled claims resulting from these risks have not materially exceeded commercial insurance coverage in any of the past three years.

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2014

Note 6 - Deposits:

K.S.A. 9-1401 establishes the depositories which may be used by the Government. The statute requires banks eligible to hold the District's funds have a main or branch bank in the county in which the District is located and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The Government has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the District's investment of idle funds to time deposits, open accounts and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The District has no investment policy that would further limit its investment choices. The rating of the District's investments is noted above.

Concentration of credit risk. State statutes place no limit on the amount the District may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

Custodial credit risk – deposits. Custodial credit risk is the risk that in the event of a bank failure, the Government's deposits may be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. All deposits were legally secured at June 30, 2014.

At June 30, 2014, the District's carrying amount of deposits was \$11,210,226 and the bank balance was \$11,945,038. The bank balance is held by two banks. Of the bank balance, \$258,812 was covered by depository insurance and the remaining \$11,686,226 was collateralized with securities held by the pledging financial institution's agent in the District's name.

Note 7 - Interfund Transactions:

Operating transfers in accordance with K.S.A. 72-7063 were as follows:

	Transfer to:									
	General	At Risk (4 Year Old)	At Risk (K-12)	Bilingual Education	Virtual Education	Capital Outlay	Professional Development	Special Education	Vocational Education	Total
Transfer from:										
General Fund	\$ 0	\$ 80,320	\$ 267,745	\$ 0	\$ 207,636	\$ 643,720	\$ 0	\$ 2,929,097	\$ 0	\$ 4,128,518
Supplemental										
General Fund	0	20,000	781,605	118,700	0	0	60,000	750,090	447,250	2,177,645
Virtual										
Education	90,000	0	0	0	0	0	0	0	0	90,000
	<u>\$ 90,000</u>	<u>\$ 100,320</u>	<u>\$ 1,049,350</u>	<u>\$ 118,700</u>	<u>\$ 207,636</u>	<u>\$ 643,720</u>	<u>\$ 60,000</u>	<u>\$ 3,679,187</u>	<u>\$ 447,250</u>	<u>\$ 6,396,163</u>

Note 8 - Reimbursed Expenses:

The District records reimbursable expenditures in the fund that makes the disbursement and records reimbursements as revenue to the fund. For purposes of budgetary comparisons, the expenditures are properly offset by the reimbursements.

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2014

Note 9 - Defined Benefit Pension Plan:

Plan Description

The District participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing, multiple-employer, defined benefit pension plan as provided by K.S.A. 74-4901, et seq. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S Kansas Ave., Suite 100, Topeka, KS 66603-3869) or by calling 1-888-275-5737.

Funding Policy

K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at a minimum of 4% of covered salary. Member-employees' contributions are withheld by their employer and paid to KPERS according to the provisions of section 414(h) of the Internal Revenue Code. The State of Kansas is required to contribute the remaining amount necessary to achieve the actuarially determined contribution rate. Kansas contributed 11.12% of covered payroll for the year ended June 30, 2014. These contribution requirements are established by KPERS and are periodically revised. Kansas contributions to KPERS for all Kansas public school employees for the years ending June 30, 2014, 2013 and 2012 were \$361,575,393, \$323,067,803 and \$298,635,383 respectively, equal to the required contributions for each year.

Note 10 - Termination Benefits:

The District had an early retirement program adopted on an annual basis. Under the program, a full-time employee must be at least 57 years of age with 15 or more years with the District and have 20 or more service credits under the KPERS to elect retirement under the program. Benefits include monthly payments of an amount equal to a percentage (25% to 27% depending on years of service with the District) of the employee's final basis contract annual salary and continues for a maximum of eight years or until the person becomes eligible for full social security benefits. The District discontinued the program on July 1, 2007 but is obligated to continue making payments to retirees through August of 2016.

It is the policy of the District to record these benefits as expenditures when paid. Payments under the program for the year ended June 30, 2014 were \$167,330.

Note 11- Subsequent Events:

The District has evaluated subsequent events through December 23, 2014, the date which the financial statement was available to be issued.

Note 12 - Advance Refunding of Bond Obligation:

On July 1, 2003, the District issued \$11,130,000 in General Obligation Bonds with interest rates ranging from 2.00% to 5.00%. Of the issue, \$6,638,673 was used to purchase U.S. government securities. Those securities were deposited with an escrow agent to provide for the future debt service payments on a portion of the 1996 bonds. As a result, this portion of the 1996 bonds is considered defeased and not included in long-term debt below.

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2014

On April 1, 2004, the District issued \$3,835,000 in General Obligation Bonds with interest rates ranging from 2.00% to 3.60%. Of the issue, \$3,709,817 was used to purchase U.S. government securities. Those securities were deposited with an escrow agent to provide for the future debt service payments on a portion of the 1997 bonds. As a result, this portion of the 1997 bonds is considered defeased and not included in long-term debt below.

On July 15, 2008, the District issued \$58,880,000 in General Obligation Bonds with interest rates ranging from 4.00% to 5.00%. Of the issue, \$1,337,593 was used to purchase U.S. government securities. Those securities were deposited with an escrow agent to provide for the future debt service payments on a portion of the 2003 bonds. As a result, this portion of the 2003 bonds is considered defeased and not included in long-term debt below.

On December 27, 2012, the District issued \$9,255,000 in General Obligation Bonds with interest rates ranging from 2.00% to 3.00%. Of the issue, \$9,440,283 was used to purchase U.S. government securities. Those securities were deposited with an escrow agent to provide for the future debt service payments on a portion of the 2008 bonds. As a result, this portion of the 2008 bonds is considered defeased and not included in long-term debt below.

On October 1, 2013, the District issued \$4,455,000 in General Obligation Bonds with interest rates ranging from 1.00% to 3.00%. Of the issue, \$4,629,263 was used to purchase U.S. government securities. Those securities were deposited with an escrow agent to provide for the future debt service payments on a portion of the 2003 and 2004 bonds. As a result, this portion of the 2003 and 2004 bonds are considered defeased and not included in long-term debt below.

Note 13 - Long-Term Debt:

Principal payments are due annually for general obligation bonds on September 1. Interest payments are due semi-annually on March 1 and September 1.

Lease payments are due monthly and annually.

Terms for long-term liabilities for the District for the year ended June 30, 2014 were as follows:

Issue	Interest Rate	Date of Issue	Amount of Issue	Date of Final Maturity
General Obligation Bonds				
2003 Series	2.00 - 5.00	7/1/03	11,130,000	11/1/17
2004 Series	2.00 - 3.60	4/1/04	3,835,000	11/1/17
2008 Series	4.00 - 5.00	7/15/08	58,880,000	9/1/28
2012 Series	2.00 - 3.00	12/27/12	9,255,000	9/1/28
2013-A Series	3.00	10/1/13	3,015,000	9/1/17
2013-B Series	1.00 - 1.25	10/1/13	1,440,000	9/1/15
Capital Leases				
Copiers	5.93	8/2/13	79,922	8/2/18
Ipads	0.00	3/14/14	365,190	3/28/16

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2014

Changes in long-term liabilities for the District for the year ended June 30, 2014 were as follows:

Issue	Balance Beginning of Year	Additions	Reductions/ Payments	Balance End of Year	Interest Paid
General Obligation Bonds					
2003 Series	\$ 4,390,000	\$ 0	\$ 4,390,000	\$ 0	\$ 31,375
2004 Series	2,170,000	0	1,755,000	415,000	19,533
2008 Series	50,400,000	0	0	50,400,000	2,894,513
2012 Series	9,255,000	0	0	9,255,000	0
2013-A Series	0	3,015,000	0	3,015,000	37,688
2013-B Series	0	1,440,000	0	1,440,000	6,729
	<u>66,215,000</u>	<u>4,455,000</u>	<u>6,145,000</u>	<u>64,525,000</u>	<u>2,989,838</u>
Capital Leases					
Copiers	0	79,922	11,734	68,188	3,691
Ipads	0	365,190	121,730	243,460	0
	<u>0</u>	<u>445,112</u>	<u>133,464</u>	<u>311,648</u>	<u>3,691</u>
	<u>\$ 66,215,000</u>	<u>\$ 4,900,112</u>	<u>\$ 6,278,464</u>	<u>\$ 64,836,648</u>	<u>\$ 2,993,529</u>

Current maturities of long-term debt and interest for the next five years and in five year increments through maturity are as follows:

	Principal			Interest			Total Principal and Interest
	General Obligation Bonds	Capital Leases	Total Principal	General Obligation Bonds	Capital Leases	Total Interest	
2015	\$ 1,745,000	\$ 136,597	\$ 1,881,597	\$ 2,992,356	\$ 3,643	\$ 2,995,999	\$ 4,877,596
2016	1,955,000	137,502	2,092,502	2,943,088	2,738	2,945,826	5,038,328
2017	2,180,000	16,733	2,196,733	2,878,588	1,777	2,880,365	5,077,098
2018	2,470,000	17,753	2,487,753	2,798,213	757	2,798,970	5,286,723
2019	2,895,000	3,063	2,898,063	2,603,113	23	2,603,136	5,501,199
2020 - 2024	20,405,000	0	20,405,000	9,890,950	0	9,890,950	30,295,950
2025 - 2029	32,875,000	0	32,875,000	3,574,892	0	3,574,892	36,449,892
	<u>\$ 64,525,000</u>	<u>\$ 311,648</u>	<u>\$ 64,836,648</u>	<u>\$ 27,681,200</u>	<u>\$ 8,938</u>	<u>\$ 27,690,138</u>	<u>\$ 92,526,786</u>

**REGULATORY REQUIRED
SUPPLEMENTARY INFORMATION**

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2014

Fund	Certified Budget	Adjustment to		Qualifying	Total Budget for		Expenditures	Variance - Over
		Comply with	Budget Credits		Comparison	Chargeable to		
	\$	Legal Max	\$	Budget Credits	\$	Current Year	\$	(Under)
General Fund	\$ 15,728,699	\$ (142,965)	\$ 43,435	\$ 15,629,169	\$ 15,629,169	\$ 0	\$ 0	
Special Purpose Funds								
Supplemental General	5,171,912	0	0	5,171,912	5,171,912	5,171,912	0	
At Risk (4 Year Old)	100,400	0	0	100,400	100,400	100,400	0	
At Risk (K-12)	1,452,075	0	0	1,452,075	1,097,463	1,097,463	(354,612)	
Bilingual Education	120,250	0	0	120,250	118,696	118,696	(1,554)	
Virtual Education	197,700	0	0	197,700	195,250	195,250	(2,450)	
Capital Outlay	1,950,000	0	0	1,950,000	1,110,918	1,110,918	(839,082)	
Driver Training	27,200	0	0	27,200	17,262	17,262	(9,938)	
Food Service	1,841,900	0	0	1,841,900	1,252,079	1,252,079	(589,821)	
Professional Development	169,200	0	0	169,200	59,341	59,341	(109,859)	
Summer School	49,200	0	0	49,200	37,568	37,568	(11,632)	
Special Education	3,884,558	0	0	3,884,558	3,684,301	3,684,301	(200,257)	
Vocational Education	547,895	0	0	547,895	519,765	519,765	(28,130)	
KPERS Contribution	1,340,306	0	0	1,340,306	1,271,436	1,271,436	(68,870)	
Recreation Commission	528,345	0	0	528,345	528,345	528,345	0	
Recreation Commission Employee								
Benefits	76,321	0	0	76,321	76,321	76,321	0	
Federal Funds	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	261,819	XXXXXXXXXX	
Gifts and Grants	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	40,691	XXXXXXXXXX	
Contingency Reserve	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	0	XXXXXXXXXX	
Textbook and Student Material								
Revolving	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	224,161	XXXXXXXXXX	
District Activity Funds	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	287,277	XXXXXXXXXX	
Debt Service Funds								
Bond and Interest	4,753,425	0	0	4,753,425	4,716,264	4,716,264	(37,161)	
Special Assessments	9,712	0	0	9,712	78	78	(9,634)	
	\$ 37,949,098	\$ (142,965)	\$ 43,435	\$ 37,849,568	\$ 36,400,516	\$ 0	\$ (2,263,000)	

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2014
(With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

<u>General Fund</u>	<u>Current Year</u>			Variance - Over (Under)
	Prior Year Actual	Actual	Budget	
Cash Receipts				
Local Sources	\$ 2,069,286	\$ 2,123,171	\$ 1,965,373	\$ 157,798
County Sources	176	4,038	3,803	235
State Sources	13,691,875	13,411,960	13,669,523	(257,563)
Transfers	50,000	90,000	90,000	0
	<u>15,811,337</u>	<u>15,629,169</u>	<u>\$ 15,728,699</u>	<u>\$ (99,530)</u>
Expenditures				
Instruction	6,652,709	6,624,398	\$ 6,949,230	\$ (324,832)
Student Support Services	574,624	632,320	553,000	79,320
Instructional Support Staff	440,484	445,636	462,300	(16,664)
General Administration	598,126	593,738	728,700	(134,962)
School Administration	1,163,772	1,225,344	1,208,000	17,344
Operations & Maintenance	849,593	866,747	883,160	(16,413)
Student Transportation Services	807,145	801,514	1,003,770	(202,256)
Other Supplemental Services	149,587	305,172	164,250	140,922
Architectural & Engineering Services	24,577	5,782	25,000	(19,218)
Transfers	4,550,720	4,128,518	3,751,289	377,229
Adjustment to Comply with Legal Max	0	0	(142,965)	142,965
Adjustment for Qualifying Budget Credits	0	0	43,435	(43,435)
	<u>15,811,337</u>	<u>15,629,169</u>	<u>\$ 15,629,169</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	0	0		
Unencumbered Cash, Beginning	0	0		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 0</u>	<u>\$ 0</u>		

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2014
(With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

<u>Supplemental General Fund</u>	<u>Current Year</u>			Variance - Over (Under)
	Prior Year Actual	Actual	Budget	
Cash Receipts				
Local Sources	\$ 2,200,983	\$ 2,506,678	\$ 2,301,428	\$ 205,250
County Sources	266,805	292,101	281,661	10,440
State Sources	2,240,209	2,446,441	2,406,335	40,106
	<u>4,707,997</u>	<u>5,245,220</u>	<u>\$ 4,989,424</u>	<u>\$ 255,796</u>
Expenditures				
Instruction	720,471	747,290	\$ 886,700	\$ (139,410)
Student Support Services	2,351	1,894	900	994
Instructional Support Staff	140,731	155,759	124,300	31,459
General Administration	126,564	16,670	17,000	(330)
School Administration	158,925	157,794	178,830	(21,036)
Operations & Maintenance	1,548,868	1,395,780	1,551,000	(155,220)
Other Supplemental Services	610,453	519,080	483,500	35,580
Transfers	1,421,757	2,177,645	1,929,682	247,963
	<u>4,730,120</u>	<u>5,171,912</u>	<u>\$ 5,171,912</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	(22,123)	73,308		
Unencumbered Cash, Beginning	204,611	182,488		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 182,488</u>	<u>\$ 255,796</u>		

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2014
(With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

<u>At Risk Fund (4 Year Old)</u>	Prior Year	Current Year		Variance -
	Actual	Actual	Budget	Over (Under)
Cash Receipts				
Transfers	\$ 96,600	\$ 100,320	\$ 91,000	\$ 9,320
	<u>96,600</u>	<u>100,320</u>	<u>\$ 91,000</u>	<u>\$ 9,320</u>
Expenditures				
Instruction	97,284	100,400	\$ 100,400	\$ 0
	<u>97,284</u>	<u>100,400</u>	<u>\$ 100,400</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	(684)	(80)		
Unencumbered Cash, Beginning	10,771	10,087		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 10,087</u>	<u>\$ 10,007</u>		

**VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS**

FOR THE YEAR ENDED JUNE 30, 2014

(With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

<u>At Risk Fund (K-12)</u>	Prior Year	Current Year		Variance -
	Actual	Actual	Budget	Over (Under)
Cash Receipts				
Local Sources	\$ 925	\$ 58,093	\$ 80,000	\$ (21,907)
Transfers	928,500	1,049,350	1,177,077	(127,727)
	<u>929,425</u>	<u>1,107,443</u>	<u>\$ 1,257,077</u>	<u>\$ (149,634)</u>
Expenditures				
Instruction	1,013,236	1,030,123	\$ 1,303,700	\$ (273,577)
Student Support Services	46,010	0	80,000	(80,000)
Instructional Support Staff	0	63,033	62,750	283
School Administration	20,475	0	0	0
Student Transportation Services	4,577	4,307	5,625	(1,318)
Operations & Maintenance	48	0	0	0
	<u>1,084,346</u>	<u>1,097,463</u>	<u>\$ 1,452,075</u>	<u>\$ (354,612)</u>
Receipts Over (Under) Expenditures	(154,921)	9,980		
Unencumbered Cash, Beginning	349,945	195,031		
Prior Year Canceled Encumbrances	<u>7</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 195,031</u>	<u>\$ 205,011</u>		

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2014
(With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

<u>Bilingual Education Fund</u>	Prior Year	Current Year		Variance -
	Actual	Actual	Budget	Over (Under)
Cash Receipts				
Transfers	\$ 93,500	\$ 118,700	\$ 120,250	\$ (1,550)
	<u>93,500</u>	<u>118,700</u>	<u>\$ 120,250</u>	<u>\$ (1,550)</u>
Expenditures				
Instruction	93,832	118,696	\$ 120,250	\$ (1,554)
School Administration	<u>323</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>94,155</u>	<u>118,696</u>	<u>\$ 120,250</u>	<u>\$ (1,554)</u>
Receipts Over (Under) Expenditures	(655)	4		
Unencumbered Cash, Beginning	679	24		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 24</u>	<u>\$ 28</u>		

**VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS**

FOR THE YEAR ENDED JUNE 30, 2014

(With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

<u>Virtual Education Fund</u>	Prior Year	<u>Current Year</u>		Variance -
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Over (Under)</u>
Cash Receipts				
Transfers	\$ 191,900	\$ 207,636	\$ 200,000	\$ 7,636
	<u>191,900</u>	<u>207,636</u>	<u>\$ 200,000</u>	<u>\$ 7,636</u>
Expenditures				
Instruction	70,870	86,057	90,700	\$ (4,643)
Student Support Services	65	0	0	0
School Administration	21,936	15,792	17,000	(1,208)
Operations & Maintenance	3,236	3,401	0	3,401
Transfers	0	90,000	90,000	0
	<u>96,107</u>	<u>195,250</u>	<u>\$ 197,700</u>	<u>\$ (2,450)</u>
Receipts Over (Under) Expenditures	95,793	12,386		
Unencumbered Cash, Beginning	0	95,793		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 95,793</u>	<u>\$ 108,179</u>		

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS

FOR THE YEAR ENDED JUNE 30, 2014

(With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

<u>Capital Outlay Fund</u>	Prior Year	Current Year		Variance -
	Actual	Actual	Budget	Over (Under)
Cash Receipts				
Local Sources	\$ 231,135	\$ 211,462	\$ 2,700	\$ 208,762
County Sources	57,267	30,266	29,350	916
Federal Sources	71,570	20,021	0	20,021
Transfers	474,535	643,720	390,000	253,720
	<u>834,507</u>	<u>905,469</u>	<u>\$ 422,050</u>	<u>\$ 483,419</u>
Expenditures				
Instruction	68,568	3,611	\$ 150,000	\$ (146,389)
Student Support Services	98,930	0	100,000	(100,000)
Instructional Support Staff	0	0	100,000	(100,000)
General Administration	0	0	100,000	(100,000)
School Administration	12,100	11,929	75,000	(63,071)
Central Services	22,910	0	75,000	(75,000)
Operations & Maintenance	27,453	722,705	250,000	472,705
Transportation	420,553	145,368	0	145,368
Other Support Services	12,122	26,312	100,000	(73,688)
Facility Acquisition & Construction Services	424,112	200,993	1,000,000	(799,007)
	<u>1,086,748</u>	<u>1,110,918</u>	<u>\$ 1,950,000</u>	<u>\$ (839,082)</u>
Receipts Over (Under) Expenditures	(252,241)	(205,449)		
Unencumbered Cash, Beginning	4,109,860	3,919,572		
Prior Year Canceled Encumbrances	<u>61,953</u>	<u>12,206</u>		
Unencumbered Cash, Ending	<u>\$ 3,919,572</u>	<u>\$ 3,726,329</u>		

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2014
(With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

<u>Driver Training Fund</u>	Prior Year	Current Year		Variance -
	Actual	Actual	Budget	Over (Under)
Cash Receipts				
Local Sources	\$ 12,775	\$ 12,250	\$ 0	\$ 12,250
State Sources	6,324	5,950	8,625	(2,675)
	<u>19,099</u>	<u>18,200</u>	<u>\$ 8,625</u>	<u>\$ 9,575</u>
Expenditures				
Instruction	17,208	17,187	\$ 27,200	\$ (10,013)
Operations & Maintenance	34	75	0	75
Transfers	50,000	0	0	0
	<u>67,242</u>	<u>17,262</u>	<u>\$ 27,200</u>	<u>\$ (9,938)</u>
Receipts Over (Under) Expenditures	(48,143)	938		
Unencumbered Cash, Beginning	98,736	50,593		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 50,593</u>	<u>\$ 51,531</u>		

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2014
(With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

<u>Food Service Fund</u>	<u>Current Year</u>		<u>Variance -</u> <u>Over (Under)</u>
	<u>Prior Year</u> <u>Actual</u>	<u>Actual</u> <u>Budget</u>	
Cash Receipts			
Local Sources	\$ 566,973	\$ 556,865 \$ 696,527	\$ (139,662)
State Sources	14,277	13,756 12,348	1,408
Federal Sources	572,994	623,920 561,102	62,818
Transfers	0	0 188,500	(188,500)
	<u>1,154,244</u>	<u>1,194,541</u> <u>\$ 1,458,477</u>	<u>\$ (263,936)</u>
Expenditures			
Operations & Maintenance	44,240	43,556 \$ 293,000	\$ (249,444)
Food Service Operation	<u>1,106,385</u>	<u>1,208,523</u> <u>1,548,900</u>	<u>(340,377)</u>
	<u>1,150,625</u>	<u>1,252,079</u> <u>\$ 1,841,900</u>	<u>\$ (589,821)</u>
Receipts Over (Under) Expenditures	3,619	(57,538)	
Unencumbered Cash, Beginning	383,691	387,310	
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>	
Unencumbered Cash, Ending	<u>\$ 387,310</u>	<u>\$ 329,772</u>	

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2014
(With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

<u>Professional Development Fund</u>	Prior Year	Current Year		Variance -
	Actual	Actual	Budget	Over (Under)
Cash Receipts				
Local Sources	\$ 305	\$ 250	\$ 0	\$ 250
Transfers	70,000	60,000	50,000	10,000
	<u>70,305</u>	<u>60,250</u>	<u>\$ 50,000</u>	<u>\$ 10,250</u>
Expenditures				
Instructional	17,772	7,651	\$ 0	\$ 7,651
Instructional Support Staff	63,780	50,758	167,700	(116,942)
Other Support Services	1,453	932	1,500	(568)
	<u>83,005</u>	<u>59,341</u>	<u>\$ 169,200</u>	<u>\$ (109,859)</u>
Receipts Over (Under) Expenditures	(12,700)	909		
Unencumbered Cash, Beginning	132,027	119,327		
Prior Year Canceled Encumbrances	<u>0</u>	<u>66</u>		
Unencumbered Cash, Ending	<u>\$ 119,327</u>	<u>\$ 120,302</u>		

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2014
(With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

<u>Summer School Fund</u>	Prior Year	Current Year		Variance -
	Actual	Actual	Budget	Over (Under)
Cash Receipts				
Local Sources	\$ 19,311	\$ 21,878	\$ 20,000	\$ 1,878
Transfers	5,000	0	0	0
	<u>24,311</u>	<u>21,878</u>	<u>\$ 20,000</u>	<u>\$ 1,878</u>
Expenditures				
Instruction	38,668	37,568	\$ 49,200	\$ (11,632)
	<u>38,668</u>	<u>37,568</u>	<u>\$ 49,200</u>	<u>\$ (11,632)</u>
Receipts Over (Under) Expenditures	(14,357)	(15,690)		
Unencumbered Cash, Beginning	45,150	30,793		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 30,793</u>	<u>\$ 15,103</u>		

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2014
(With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

<u>Special Education Fund</u>	<u>Current Year</u>			<u>Variance - Over (Under)</u>
	<u>Prior Year Actual</u>	<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Federal Sources	\$ 15,056	\$ 42,503	\$ 0	\$ 42,503
Transfers	<u>3,640,942</u>	<u>3,679,187</u>	<u>3,003,544</u>	<u>675,643</u>
	<u>3,655,998</u>	<u>3,721,690</u>	<u>\$ 3,003,544</u>	<u>\$ 718,146</u>
Expenditures				
Instruction	3,251,329	3,375,326	\$ 3,571,558	\$ (196,232)
Student Transportation Services	<u>279,554</u>	<u>308,975</u>	<u>313,000</u>	<u>(4,025)</u>
	<u>3,530,883</u>	<u>3,684,301</u>	<u>\$ 3,884,558</u>	<u>\$ (200,257)</u>
Receipts Over (Under) Expenditures	125,115	37,389		
Unencumbered Cash, Beginning	755,958	881,073		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 881,073</u>	<u>\$ 918,462</u>		

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2014
(With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

<u>Vocational Education Fund</u>	Prior Year	Current Year		Variance -
	Actual	Actual	Budget	Over (Under)
Cash Receipts				
Local Sources	\$ 24,506	\$ 88,677	\$ 60,000	\$ 28,677
State Sources	7,501	13,160	0	13,160
Transfers	471,500	447,250	460,600	(13,350)
	<u>503,507</u>	<u>549,087</u>	<u>\$ 520,600</u>	<u>\$ 28,487</u>
Expenditures				
Instruction	381,434	429,170	\$ 469,800	\$ (40,630)
Student Support Services	7,189	2,074	0	2,074
Instruction Support Staff	82,693	79,933	70,520	9,413
Transportation	6,075	8,588	7,575	1,013
	<u>477,391</u>	<u>519,765</u>	<u>\$ 547,895</u>	<u>\$ (28,130)</u>
Receipts Over (Under) Expenditures	26,116	29,322		
Unencumbered Cash, Beginning	1,231	28,179		
Prior Year Canceled Encumbrances	<u>832</u>	<u>16</u>		
Unencumbered Cash, Ending	<u>\$ 28,179</u>	<u>\$ 57,517</u>		

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2014
(With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

<u>KPERS Contribution Fund</u>	<u>Current Year</u>			<u>Variance - Over (Under)</u>
	<u>Prior Year Actual</u>	<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
State Sources	<u>\$ 1,126,307</u>	<u>\$ 1,271,436</u>	<u>\$ 1,340,306</u>	<u>\$ (68,870)</u>
	<u>1,126,307</u>	<u>1,271,436</u>	<u>\$ 1,340,306</u>	<u>\$ (68,870)</u>
Expenditures				
Instruction	694,036	793,149	\$ 836,111	\$ (42,962)
Student Support Services	45,506	51,790	54,596	(2,806)
Instructional Support Staff	41,146	50,702	53,448	(2,746)
General Administration	30,131	33,260	35,062	(1,802)
School Administration	105,186	113,199	119,330	(6,131)
Other Supplemental Services	38,751	42,473	44,774	(2,301)
Operations & Maintenance	78,145	84,555	89,135	(4,580)
Student Transportation Services	60,021	66,341	69,934	(3,593)
Food Service Operation	33,385	35,967	37,916	(1,949)
	<u>1,126,307</u>	<u>1,271,436</u>	<u>\$ 1,340,306</u>	<u>\$ (68,870)</u>
Receipts Over (Under) Expenditures	0	0		
Unencumbered Cash, Beginning	0	0		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 0</u>	<u>\$ 0</u>		

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2014
(With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

<u>Recreation Commission Fund</u>	Prior Year	Current Year		Variance -
	Actual	Actual	Budget	Over (Under)
Cash Receipts				
Local Sources	\$ 458,096	\$ 463,795	\$ 462,935	\$ 860
County Sources	65,541	64,311	62,211	2,100
	<u>523,637</u>	<u>528,106</u>	<u>\$ 525,146</u>	<u>\$ 2,960</u>
Expenditures				
Community Service Operations	520,500	528,345	\$ 528,345	\$ 0
	<u>520,500</u>	<u>528,345</u>	<u>\$ 528,345</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	3,137	(239)		
Unencumbered Cash, Beginning	4,921	8,058		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 8,058</u>	<u>\$ 7,819</u>		

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2014
(With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

<u>Recreation Commission Employee</u> <u>Benefit Fund</u>	<u>Current Year</u>			Variance - Over (Under)
	Prior Year Actual	Actual	Budget	
Cash Receipts				
Local Sources	\$ 68,668	\$ 66,776	\$ 67,046	\$ (270)
County Sources	10,117	9,640	9,323	317
	<u>78,785</u>	<u>76,416</u>	<u>\$ 76,369</u>	<u>\$ 47</u>
Expenditures				
Community Service Operations	78,100	76,321	\$ 76,321	\$ 0
	<u>78,100</u>	<u>76,321</u>	<u>\$ 76,321</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	685	95		
Unencumbered Cash, Beginning	0	685		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 685</u>	<u>\$ 780</u>		

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2014
(With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

<u>Bond and Interest Fund</u>	Prior Year	Current Year		Variance -
	Actual	Actual	Budget	Over (Under)
Cash Receipts				
Local Sources	\$ 2,464,987	\$ 2,331,656	\$ 2,191,916	\$ 139,740
County Sources	328,104	325,700	314,824	10,876
State Sources	1,993,370	2,138,971	2,138,974	(3)
	<u>4,786,461</u>	<u>4,796,327</u>	<u>\$ 4,645,714</u>	<u>\$ 150,613</u>
Expenditures				
Debt Service	4,746,120	4,716,264	\$ 4,753,425	\$ (37,161)
	<u>4,746,120</u>	<u>4,716,264</u>	<u>\$ 4,753,425</u>	<u>\$ (37,161)</u>
Receipts Over (Under) Expenditures	40,341	80,063		
Unencumbered Cash, Beginning	2,896,555	2,936,896		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 2,936,896</u>	<u>\$ 3,016,959</u>		

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2014
(With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

<u>Special Assessments Fund</u>	Prior Year	Current Year		Variance -
	Actual	Actual	Budget	Over (Under)
Cash Receipts				
Local Sources	\$ 5	\$ 7	\$ 0	\$ 7
	<u>5</u>	<u>7</u>	<u>0</u>	<u>7</u>
Expenditures				
Site Improvement Services	78	78	\$ 9,712	\$ (9,634)
	<u>78</u>	<u>78</u>	<u>\$ 9,712</u>	<u>\$ (9,634)</u>
Receipts Over (Under) Expenditures	(73)	(71)		
Unencumbered Cash, Beginning	9,785	9,712		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 9,712</u>	<u>\$ 9,641</u>		

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2014
(With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

<u>Federal Funds</u>		
	Prior Year Actual	Current Year Actual
Cash Receipts		
Local Sources	\$ 1,000	\$ 0
Federal Sources	311,950	260,819
	<u>312,950</u>	<u>260,819</u>
Expenditures		
Instruction	307,330	253,762
Student Support Services	232	0
Instructional Support Staff	519	3,827
General Administration	4,101	4,230
	<u>312,182</u>	<u>261,819</u>
Receipts Over (Under) Expenditures	768	(1,000)
Unencumbered Cash, Beginning	444	1,212
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>
Unencumbered Cash, Ending	<u>\$ 1,212</u>	<u>\$ 212</u>

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2014
(With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

Gifts and Grants Fund

	Prior Year Actual	Current Year Actual
Cash Receipts		
Local Sources	\$ 50,824	\$ 36,042
	<u>50,824</u>	<u>36,042</u>
Expenditures		
Instruction	53,766	36,011
Instructional Support Staff	936	4,680
	<u>54,702</u>	<u>40,691</u>
Receipts Over (Under) Expenditures	(3,878)	(4,649)
Unencumbered Cash, Beginning	52,410	48,589
Prior Year Canceled Encumbrances	<u>57</u>	<u>0</u>
Unencumbered Cash, Ending	<u>\$ 48,589</u>	<u>\$ 43,940</u>

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2014
(With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

<u>Contingency Reserve Fund</u>		
	Prior Year Actual	Current Year Actual
Cash Receipts		
Transfers	\$ 0	\$ 0
	<u>0</u>	<u>0</u>
Expenditures		
Instruction	<u>0</u>	<u>0</u>
	<u>0</u>	<u>0</u>
Receipts Over (Under) Expenditures	0	0
Unencumbered Cash, Beginning	1,406,491	1,406,491
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>
Unencumbered Cash, Ending	<u>\$ 1,406,491</u>	<u>\$ 1,406,491</u>

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2014
(With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

Textbook and Student Material
Revolving Fund

	Prior Year Actual	Current Year Actual
Cash Receipts		
Local Sources	\$ 137,206	\$ 250,267
	<u>137,206</u>	<u>250,267</u>
Expenditures		
Instruction	12,058	211,959
Student Support Services	88,001	12,202
	<u>100,059</u>	<u>224,161</u>
Receipts Over (Under) Expenditures	37,147	26,106
Unencumbered Cash, Beginning	209,231	246,622
Prior Year Canceled Encumbrances	<u>244</u>	<u>310</u>
Unencumbered Cash, Ending	<u>\$ 246,622</u>	<u>\$ 273,038</u>

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
AGENCY FUNDS
SCHEDULE OF CASH RECEIPTS AND CASH DISBURSEMENTS
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2014

Fund	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
High School				
Kansas Beef Council	\$ 0	\$ 250	\$ 250	\$ 0
SSEP	822	4,157	2,239	2,740
Math Department	0	45	28	17
Skills USA/TSA	1,194	698	1,228	664
Character Counts	138	0	138	0
Pepsi	3,176	277	2,236	1,217
Field Trip	0	423	75	348
Auto Parts	621	1,059	1,120	560
FBLA	1,953	2,342	3,975	320
Woods Project	0	2,366	2,366	0
Art Club	94	608	267	435
Robotics	1,053	1,950	1,276	1,727
Girls Club	349	0	0	349
Vending DECA	0	5,406	2,087	3,319
Class of 2013	1,297	(1,297)	0	0
Class of 2014	1,301	2,869	3,148	1,022
Class of 2015	1,894	7,404	7,868	1,430
Class of 2016	444	1,509	348	1,605
Class of 2017	0	1,249	0	1,249
Student Services	895	3,519	2,405	2,009
Band Cleaning/Rental	0	2,415	2,415	0
Library/Media	670	216	359	527
Sales Tax	590	3,682	3,615	657
Yearbook	0	22,630	19,569	3,061
Bus/Transportation	3	(3)	0	0
All School Play	3,119	4,117	6,611	625
Band Activity	(375)	7,844	7,517	(48)
Buzz Barn	1,284	1,034	1,247	1,071
Chess Club	2,533	2,569	2,464	2,638
Choir Activities	3,829	12,597	12,736	3,690
Fine Arts	500	25	0	525
Concessions	0	8,848	8,848	0
Contest/Inst/Vocal	1,765	(1,765)	0	0

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
AGENCY FUNDS
SCHEDULE OF CASH RECEIPTS AND CASH DISBURSEMENTS
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2014

Fund	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
High School (Continued)				
Creative Writing Club	101	(101)	0	\$ 0
Crime Stoppers	685	0	0	685
Drama Club	324	180	341	163
FCA	543	689	390	842
Gifted	1,424	0	171	1,253
Journalism	3,910	0	1,089	2,821
DECA	647	9,106	8,869	884
Musical	3,943	5,550	8,153	1,340
National Forensics	1,262	14,751	11,357	4,656
National Honor Society	419	505	523	401
Office Club	18	0	18	0
Broadcasting	892	0	0	892
SADD	2,163	1,255	1,336	2,082
Scholars Bowl	975	840	978	837
Science Club	420	410	0	830
Spanish Club	554	6,997	6,379	1,172
Student Council	2,139	4,295	5,194	1,240
TATU	500	(500)	0	0
Varsity Club	434	0	100	334
FCCLA	1,628	545	229	1,944
History Club	1,041	(1,041)	0	0
Counselor Activity	2,098	3,146	2,967	2,277
Women's Locker Room	2,507	427	656	2,278
Friendship Club	2,204	1,454	1,724	1,934
PE Uniforms	0	433	2,291	(1,858)
	<u>59,980</u>	<u>147,984</u>	<u>149,200</u>	<u>58,764</u>

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
AGENCY FUNDS
SCHEDULE OF CASH RECEIPTS AND CASH DISBURSEMENTS
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2014

Fund	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
Middle School				
Faculty Services	\$ 0	\$ 52	\$ 52	\$ 0
Student Services	0	3,501	3,490	11
Fundraiser	181	28,538	27,714	1,005
Student Council	201	14	0	215
Faculty Courtesy	57	362	419	0
Video Yearbook	1,330	2,099	3,415	14
Leadership Program	706	2,797	3,100	403
Clubs	150	(150)	0	0
8th Grade Celebration	200	0	200	0
Band Fundraiser	4,250	7,538	9,375	2,413
	<u>7,075</u>	<u>44,751</u>	<u>47,765</u>	<u>4,061</u>

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
AGENCY FUNDS
SCHEDULE OF CASH RECEIPTS AND CASH DISBURSEMENTS
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2014

<u>Fund</u>	<u>Beginning Cash</u> <u>Balance</u>	<u>Cash Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Ending Cash</u> <u>Balance</u>
Intermediate School				
Faculty Services	\$ 67	\$ 628	\$ 241	\$ 454
Student Services	3,010	10,756	10,795	2,971
PE Account	2,104	4,259	3,561	2,802
Stuco	1,797	5,982	6,269	1,510
Sales Tax	322	414	736	0
Courtesy Committee	32	575	607	0
	<u>7,332</u>	<u>22,614</u>	<u>22,209</u>	<u>7,737</u>

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
AGENCY FUNDS
SCHEDULE OF CASH RECEIPTS AND CASH DISBURSEMENTS
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2014

<u>Fund</u>	<u>Beginning Cash</u> <u>Balance</u>	<u>Cash Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Ending Cash</u> <u>Balance</u>
Abilene Elementary				
Revolving	\$ 1	\$ 2,770	\$ 2,793	\$ (22)
Faculty Services	5,795	(76)	1,148	4,571
Student Services	8,766	1,067	1,023	8,810
Student Help	0	500	101	399
Courtesy Committee	(156)	666	252	258
	<u>14,406</u>	<u>4,927</u>	<u>5,317</u>	<u>14,016</u>

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
AGENCY FUNDS
SCHEDULE OF CASH RECEIPTS AND CASH DISBURSEMENTS
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2014

Fund	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
West Elementary				
Revolving	\$ 0	\$ 3,102	\$ 3,102	\$ 0
Faculty Account	216	1,988	2,527	(323)
Student	1,268	5,213	3,438	3,043
PE	1,121	0	176	945
Sales Tax	(1)	0	0	(1)
Clubs	0	0	(20)	20
Owls	222	0	0	222
	<u>2,826</u>	<u>10,303</u>	<u>9,223</u>	<u>3,906</u>

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
AGENCY FUNDS
SCHEDULE OF CASH RECEIPTS AND CASH DISBURSEMENTS
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2014

Fund	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
Wheatland Elementary				
Revolving	\$ 313	\$ 338	\$ 651	\$ 0
Faculty Services	521	967	1,153	335
Student Services	9,691	18,657	13,400	14,948
Sales Tax	0	0	0	0
Clubs	54	590	644	0
	<u>10,579</u>	<u>20,552</u>	<u>15,848</u>	<u>15,283</u>

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
AGENCY FUNDS
SCHEDULE OF CASH RECEIPTS AND CASH DISBURSEMENTS
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2014

Fund	Beginning Cash		Cash		Ending Cash
	Balance	Cash Receipts	Disbursements	Balance	
Scholarship and Memorials					
Ireland Scholarship	\$ 3,965	\$ 1	\$ 750	\$ 3,216	
Dawson Scholarship	5,632	3	39	5,596	
	<u>9,597</u>	<u>4</u>	<u>789</u>	<u>8,812</u>	
 Total Agency Funds	 <u>\$ 111,795</u>	 <u>\$ 251,135</u>	 <u>\$ 250,351</u>	 <u>\$ 112,579</u>	

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
DISTRICT ACTIVITY FUNDS
SCHEDULE OF CASH RECEIPTS, EXPENDITURES,
AND UNENCUMBERED CASH
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2014

Fund	Beginning		Prior Year		Expenditures	Ending		Add		Ending Cash Balance
	Cash Balance	Unencumbered	Encumbrances	Canceled		Cash Receipts	Unencumbered Cash Balance	Encumbrances and Accounts Payable		
School Projects										
High School	\$	832	\$	0	\$	832	\$	0	\$	0
High School Athletics		53,385		0		229,734		44,188		46,709
Middle School		21		0		833		138		138
Middle School Athletics		0		0		51,317		7,054		7,054
Intermediate School		63		0		3,166		1,477		1,477
Abilene Elementary		1,092		0		4,970		1,553		1,553
West Elementary		3,876		0		1,756		4,850		4,850
Wheatland Elementary		602		0		5,774		1,804		1,804
Total District Activity Funds	\$	59,871	\$	0	\$	288,470	\$	61,064	\$	63,585

FEDERAL AWARD INFORMATION



BUSBY FORD & REIMER, LLC

CERTIFIED PUBLIC ACCOUNTANTS

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

INDEPENDENT AUDITORS' REPORT

**Board of Education
Valley Center Unified School District No. 262
Valley Center, Kansas**

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of **Valley Center Unified School District No. 262, Valley Center, Kansas**, as of and for the year ended **June 30, 2014**, and the related notes to the financial statement, which collectively comprise **Valley Center Unified School District No. 262, Valley Center, Kansas'** basic financial statement, and have issued our report thereon dated December 23, 2014. In our report, our opinion on the financial statement was unmodified based on the prescribed basis of accounting that demonstrates compliance with the *Kansas Municipal Audit and Accounting Guide* which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered **Valley Center Unified School District No. 262, Valley Center, Kansas'** internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of **Valley Center Unified School District No. 262, Valley Center, Kansas'** internal control. Accordingly, we do not express an opinion on the effectiveness of **Valley Center Unified School District No. 262, Valley Center, Kansas'** internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

**Board of Education
Valley Center Unified School District No. 262**

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether **Valley Center Unified School District No. 262, Valley Center, Kansas'** financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Busby Ford & Reimer, LLC

Busby Ford & Reimer, LLC
December 23, 2014



BUSBY FORD & REIMER, LLC

CERTIFIED PUBLIC ACCOUNTANTS

**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL
CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

INDEPENDENT AUDITORS' REPORT

**Board of Education
Valley Center Unified School District No. 262
Valley Center, Kansas**

Report on Compliance for Each Major Federal Program

We have audited **Valley Center Unified School District No. 262, Valley Center, Kansas'** compliance with the types of compliance requirements described in the *OMB Circular A-133, Compliance Supplement* that could have a direct and material effect on each of **Valley Center Unified School District No. 262, Valley Center, Kansas'** major federal programs for the year ended **June 30, 2014**. **Valley Center Unified School District No. 262, Valley Center, Kansas'** major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of **Valley Center Unified School District No. 262, Valley Center, Kansas'** major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about **Valley Center Unified School District No. 262, Valley Center, Kansas'** compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of **Valley Center Unified School District No. 262, Valley Center, Kansas'** compliance.

**Board of Education
Valley Center Unified School District No. 262**

Opinion on Each Major Federal Program

In our opinion, **Valley Center Unified School District No. 262, Valley Center, Kansas** complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended **June 30, 2014**.

Report on Internal Control Over Compliance

Management of **Valley Center Unified School District No. 262, Valley Center, Kansas** is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered **Valley Center Unified School District No. 262, Valley Center, Kansas'** internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of **Valley Center Unified School District No. 262, Valley Center, Kansas'** internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weakness may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Busby Ford & Reimer, LLC

Busby Ford & Reimer, LLC
December 23, 2014

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014

Grant Title	Federal CFDA No.	Program Amount	Unencumbered Cash 7-1-13	Receipts	Expenditures	Unencumbered Cash 6-30-14
(Passes Through Kansas Department of Education)						
Department of Agriculture						
Child Nutrition Cluster-Cluster						
National School Breakfast Program	10.553	\$ 97,678				
National School Lunch Program	10.555	513,832				
Summer Food Service Program	10.559	12,410				
		<u>623,920</u>	<u>\$ 0</u>	<u>\$ 623,920</u>	<u>\$ 623,920</u>	<u>\$ 0</u>
Department of Education						
Title I, Part A Cluster-Cluster						
Title I Grants to Local Education Agencies	84.010	215,068	0	215,068	215,068	0
Career and Technical Education-Basic Grants to States	84.048	16,278		16,278	16,278	0
Teacher Quality/Title II-A	84.367	29,473	0	29,473	29,473	0
		<u>260,819</u>	<u>0</u>	<u>260,819</u>	<u>260,819</u>	<u>0</u>
(Passes Through Kansas Department of Social and Rehabilitation Services)						
Department of Health and Human Services						
Medicaid-Cluster						
Medicaid	93.778	62,524	0	62,524	62,524	0
Total Federal Financial Assistance		<u>\$ 947,263</u>	<u>\$ 0</u>	<u>\$ 947,263</u>	<u>\$ 947,263</u>	<u>\$ 0</u>

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014

Note 1 - Basis of Presentation:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of **Valley Center Unified School District No. 262, Valley Center, Kansas**, and is prepared on the basis of accounting as described in Note 1 of the notes to the financial statement. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations."

**VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014**

SUMMARY OF AUDIT RESULTS

1. The independent auditors' report expresses an unmodified opinion on the financial statement of **Valley Center Unified School District No. 262, Valley Center, Kansas**.
2. No significant deficiencies or material weaknesses were reported in the Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statement of **Valley Center Unified School District No. 262, Valley Center, Kansas**, were disclosed during the audit.
4. No significant deficiencies or material weakness were reported in the Report On Compliance For Each Major Program And Report On Internal Control Over Compliance Required By OMB Circular A-133.
5. The independent auditors' report on compliance for the major federal award programs for **Valley Center Unified School District No. 262, Valley Center, Kansas**, expresses an unmodified opinion on all major federal programs.
6. There were no audit findings relative to the major federal award programs for **Valley Center Unified School District No. 262, Valley Center, Kansas**.
7. The programs tested as major programs were:

Child Nutrition Cluster-Cluster	
National School Breakfast Program	10.553
National School Lunch Program	10.555
National Summer Food Service Program	10.559
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. **Valley Center Unified School District No. 262, Valley Center, Kansas**, was determined not to be a low-risk auditee.

**VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014**

There are no prior audit findings.